A67.7/2: 3/22

MAY 31, 1965

FARM INCOME AN ISSUE IN WEST GERMANY

MAINLAND CHINA'S AGRICULTURE IMPROVING

EUROPE USING MORE PREPACKAGED MEAT

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Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

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MAY 31, 1965

VOL III • NUMBER 22

Pastoral scene in Mainland China—yak milk is collected for transport to milk-powder plant. Other Chinese pictures are shown on pages 6 and 7.

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Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20401.

Farm Income Is Still Controversial Issue in West Germany

By REED E. FRIEND
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AGRICULTURE'S CASH RECEIPTS AND EXPENDITURES

Year ending June 30	Cash receipts: From crops	Cash receipts: From livestock	Cash receipts: Total	Total cash expenditures	Net cash receipts
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
1950 [1]	681	1,352	2,033	1,605	428
1957	1,093	2,822	3,915	3,051	864
1961	1,355	3,713	5,068	3,816	1,252
1962	1,207	3,909	5,116	4,116	1,000
1963	1,423	4,261	5,684	4,234	1,450
1964	1,443	4,675	6,118	4,336	1,782
1965 [2]	1,550	4,825	6,375	4,662	1,713

[1] Estimated. [2] Forecast.
Official German statistics.

FARM PRODUCTION AND PRICES
[1950-51 = 100]

Year ending June 30	Agricultural production: Gross crop output [1]	Agricultural production: Gross food output [2]	Agricultural production: Net food output [3]	Prices received	Prices paid
1954	109	115	112	112	115
1957	111	121	114	128	120
1961	125	145	137	127	130
1963	115	147	133	135	138
1964	125	154	142	142	142
1965 [4]	116	156	([5])	([5])	([5])

[1] Grain equivalent of all crops produced. [2] The part of crop production used for food as such or in processed form, plus animal production from domestic and imported feeds, considering changes in livestock inventory. [3] Gross food output minus production from imported feeds. [4] Preliminary estimate. [5] Not available.
Official German statistics.

THE FARM-NONFARM INCOME GAP

Year ending June 30	Farm work income per labor unit [1]	Gross income per person in "comparable" nonfarm activities	Disparity [2]
	Dollars	*Dollars*	*Percent*
1955	580	875	34
1961	1,002	1,360	26
1962	925	1,494	38
1963	1,161	1,625	29
1964	1,373	1,745	21

[1] Gross income (including subsidies) minus cash expenses and minus interest on investment at 3½ percent, payment for managerial activity, and employers' social security contribution on farm workers. [2] The percent farm incomes are below "comparable" nonfarm activities.
Official German statistics.

Since last December, when West Germany and the other five members of the European Economic Community (EEC) finally reached agreement on common grain prices, the Community has speeded up its movement toward an internal free market for agricultural products. Thus, the controversy within the EEC over grain price unification has ended. Not yet ended, however, is the controversy within Germany over the probable effect on farm income, which was the cause of Germany's prolonged reluctance to accept the principle of common grain prices, with its implications for intra-Community trade in grain.

In West Germany, the prices of agricultural products have been supported at higher levels than in other EEC member nations. France's prices for farm commodities have been among the lowest in the EEC, and France probably has the greatest potential for increasing production and thus competing with the German farmer for his previously protected market. The prospect of lower prices and incomes, among other factors, has stimulated debate on the current farm income situation in West Germany.

The concept of equity of income for agriculture was officially set forth in West Germany's Agricultural Act of 1955, which states that agriculture should share in the progressive development of the economy. The extent to which it does share, together with other related questions, is analyzed annually in the government's "Green Report"—perhaps the most significant document influencing West German agricultural policy. It is prepared from a sample of over 8,000 farmers selected to give a representative picture of farming throughout the Federal Republic. Farms of less than 12 acres, a large proportion of which are farmed on a part-time basis, are not included in the sample.

Opinions differ on farm income

Several diverging opinions about the present actual positions of agriculture and farm people appear to have formed. Edmund Rehwinkel, president of the German Farmers Association, has pointed out that German farmers must work "twice as long for half as much" as industrial workers, and that German grain prices are the same as 14 years ago, while prices of industrial goods have gone up markedly. It is his feeling that the historical price relationships between agriculture and industry have operated against the German farmer.

Dr. Hermann Priebe, adviser to the EEC and manager of the Frankfurt Family Farm Research Institute, has emphasized other aspects of the German farm income situation. He comments that small farmers who are primarily engaged in another industry outnumber the full-time farmers; that the families of these part-time farmers are to a great extent better off financially than many urban employed persons; and that some of these farmers are better off than full-time farmers. He believes that income disparity within agriculture is even greater than that between agriculture and industry.

Official German statistics indicate that cash receipts from farm marketings more than tripled over the past 15 years. Returns increased for both crops and livestock, but the increase for livestock was far greater, going from two-thirds of total cash income in 1949-50 to about three-fourths in 1963-64. During this time, cash expenses generally did not rise as fast as receipts, so net cash receipts increased.

The increase in total cash farm receipts is the result of both increased commodity output and higher unit

prices. In the decade after 1953-54, both the index of net agricultural output (excluding production from imported feeds) and the prices received by farmers increased by over a fourth.

During the same period the technological improvement of West German agriculture moved rapidly ahead. As agricultural output increased, greater inputs of machinery, equipment, herbicides, and the like lessened the need for labor. The number of labor units—the equivalent of an adult working 2,500 hours a year—dropped from 3.9 million in 1950-51 to 2.3 million in 1962-63.

Report shows rise in farm income

The rising value of agricultural production, coupled with the sharp decline in the agricultural labor force, brought an equally sharp uptrend in per capita farm incomes. Farm work income per labor unit, based on bookkeeping records of the Green Report's 8,000 sample farms, more than doubled between 1954-55 and 1963-64. At the same time, wages in "comparable" nonfarm jobs also increased sharply. Thus, the Green Report shows that although the disparity between farm and nonfarm income has generally improved in recent years—with the exception of 1961-62—this farm-income gap still exists.

The December grain price agreement, to be effective July 1, 1967, will result in substantial price declines for German grains. Common prices have not yet been determined for other major farm commodities, but producer prices in Germany are generally above those in other countries. However, the Community has agreed to compensate West German farmers for income losses as a result of the grain price agreement, to the extent of $280 million over the 1967-68 to 1969-70 period. The Federal Republic has also promised aid to farmers over and above the regularly received subsidies outlined in the annual Green Plan (these subsidies totaled around $615 million in 1964 and are expected to reach $630 million in 1965).

Although the method for distributing all of the additional national funds is undecided, they reportedly total $210 million for 1965 and $275 million for 1966.

Meeting the challenge

West Germany's major agricultural need—a need evident throughout Western Europe—is structural reform.

The OECD (Organization for Economic Cooperation and Development), in its recently published *Low Incomes in Agriculture—Problems and Policies*, demonstrated the close ties between smallness of farm and low income. The report shows that regardless of the crop (sugarbeets, root crops and cereals, fodder crops, and so forth) or the region involved, the remuneration for labor and management and return of capital generally is less on smaller than on larger farms.

Half of West Germany's 1.5 million farms in 1964 were below 12 acres in size and 70 percent were below 25 acres. Only 1 percent had 124 acres or more. All farms averaged only about 20 acres. In 1960, farms were made up of an average of nearly 10 fragments (i.e., plots surrounded by land belonging to another farm).

The question of "equity of farm income" probably will continue to be near the top of the list of German agricultural problems. But West Germany has much in its favor as it works to meet this challenge. It is enjoying a high rate of economic growth, with less inflation than any other EEC country. The high rate of nonfarm employment has encouraged farm outmigration and has even resulted in the recruiting of a substantial number of foreign workers.

Important in the long-term trend is the fact that the younger farm family members are moving into the nonfarm sector. In 1960, only 1 in 100 male farm operators was under 25 years of age. On the other hand, 1 in 8 farm operators was 65 years of age or more. More than 7 out of 10 farmers were 45 years old or older. For the short run, this age structure may hinder the movement of workers out of farming.

Progress in changing farm structure

West Germany is already actively involved in structural reform programs, which are carried out by the Laender (State) Governments through the use of both Federal and Laender funds. However, structural reform takes time. Although the Land Consolidation Act was passed in 1953, it was estimated that over two-thirds of the country's agricultural land still required consolidation in January 1963. Today the Federal Government has greatly expanded its budget for structural reforms in agriculture. Under the 1965 Green Plan, subsidies for improvement of farm structure and working and living conditions will reach $235 million, four times what they were in 1956. Also, West Germany will probably make maximum use of funds available for structural reform under the EEC's Guidance and Guarantee Fund.

Furthermore, a variety of programs have been developed to aid farmers in economically depressed areas. These range from agricultural schemes for areas of unfavorable natural conditions (such as the northern plains area and the mountains)—including such things as improved drainage systems, road construction, and improved grasslands—to programs of rural industrialization and vocational training and retraining. Substantial funds for these projects are made available through the Green Plan budget, the Federal budget, and the Laender (State) budgets.

Czechs, Colombians End Barter Coffee Pact

Czechoslovakia's foreign trade organization, KOOSPOL, early this year terminated its barter agreement with the Colombian Coffee Federation. The agreement, signed in the late 1950's, was extended a year at a time up until this year, when KOOSPOL gave the Federation the necessary 3-month notice of its unwillingness to have a further extension beyond January 31, 1965.

Spokesmen of the Colombian Coffee Federation claim to be pleased with the termination of this barter agreement because they say that KOOSPOL has assured the Federation that Czechoslovakia will continue to import Colombian coffee but will now pay in foreign exchange. If this proves to be true, then the barter agreement will be considered to have been a success in that it opened up a new area for sales on a foreign exchange basis.

Colombian coffee exports to Czechoslovakia, which had been practically nil up to 1958, jumped to 25,000 bags in 1959, reached a peak of 39,000 bags in 1960, and totaled 37,000 in 1963. They dropped to less than 6,000 bags in 1964, however, and were less than 900 bags during the first quarter of 1965.

The Coffee Federation also has barter agreements with six other Bloc countries, but only those with East Germany, Yugoslavia, and—to a lesser extent—Poland have resulted in any volume of trade.

West Germany Buys Record Amounts of U.S. Farm Items

By PAUL G. MINNEMAN
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West German imports of food and other farm products from the United States hit a new high in 1964, making Germany the foremost U.S. agricultural market in Europe. Of the three principal countries or groups of countries supplying this market, the United States increased its share and so did Germany's fellow members of the European Economic Community; but the share of non-EEC countries other than the United States fell for the second year.

U.S. items in German market basket

One single product, soybeans, accounted for a fourth of the total value of Germany's farm imports from the United States last year. Four groups of products—oilseeds, feed grain, tobacco, and cotton—accounted together for nearly two-thirds of this total. Four more groups, each furnishing more than $20 million—bread grain, poultry, oilmeal, and vegetable oils—brought the sum up to more than four-fifths. (Conversions were made at the rounded rate of DM4.00 per $1.00; the current rate is closer to DM3.97, which would make the dollar equivalent somewhat higher than the values shown.)

The total increase in food and agricultural imports from the United States was $103.8 million, or nearly 22 percent—a third of it from soybeans alone. The rise in soybeans—imports of which from the United States have more than doubled since 1959—reflects bigger demand for oilseeds as raw material for Germany's large crushing industry, plus a growing demand for soybean meal for feed (especially poultry feed). Helping meet this latter demand were sharply increased imports of U.S. soybean meal.

Imports of U.S. feed grain, although also sharply over those of 1963, did not equal those of 1962 that followed Germany's poor 1961 crops. Imports of U.S. corn were very large in 1964, but those of barley, oats, and sorghum reached no record levels.

U.S. tobacco maintained its 1963 levels on the West German market; U.S. cotton, however, moved ahead by $22 million, or 75 percent. Still, German imports of U.S. cotton remained much smaller than those of 1961 or 1960.

U.S. poultry meat won a 7-percent increase in Germany, which brought it slightly above the 1960 level although still less than half as high as the 1962 peak. About 88 percent of this poultry was frozen; 12 percent, canned.

Fresh U.S. fruit made a poor showing, with a 37-percent decline from 1963. Germany bought more U.S. apples and grapefruit but many fewer lemons, oranges, and pears.

West Germany—a hidden market?

Germany is a bigger purchaser of U.S. farm products than U.S. export data reveal; in fact, it is the top U.S. farm market in Europe. Official German trade data (released last month) give a total of $587 million in agricultural imports from the United States; yet preliminary U.S. export statistics show only $435.2 million. Differences in the way the data are recorded account for part of the discrepancy; the United States uses an f.o.b. basis, and Germany, a c.i.f. basis. But ocean freight and insurance could not add up to more than $60 million at the most. The rest of the difference comes from goods that ended up in West Germany but were entered in U.S. export statistics as discharged in the ports of some other country. Notably, many shipments from the United States go to Dutch ports, and some to Belgian, for transshipment on Rhine River barges to West Germany.

These transshipments are particularly important for bulk products like grain, soybeans, oils, and meal. For example, the tonnage of wheat, grain sorghum, and soybeans actually received by West Germany from the United States was 70 to 80 percent above what appears in U.S. export data.

Shift in West German suppliers

The United States in 1964 was chief German supplier of practically all the items most important in U.S.-German farm trade. It furnished nearly all the soybeans and cottonseed oil Germany imported; three-fourths or more of the soybean meal, flaxseed, and tallow; and nearly half the tobacco, corn, rice, grain sorghums, rye, and variety meats. But only a very small part of the perishable farm imports like fresh fruits and vegetables, fresh meat, dairy products, and eggs came from the United States.

The EEC share of the West German market in 1964, though it rose only a trifle from that of 1963, was far above the average share of the EEC countries in 1959-62, before the Common Market came into being. Germany's companions in the EEC were especially heavy 1964 suppliers of the perishables—fresh vegetables (84 percent), fresh deciduous fruit (67 percent), and eggs (88 percent); but they also supplied more than half of the meat, poultry, cheese, and barley Germany imported; close to two-thirds of the butter and wine; more than a third of the corn.

German farm imports from countries other than the United States and the members of the Common Market have apparently been suffering from the reorientation of EEC trade. The share of these other "third countries" in the German farm market averaged 61 percent in the early days of the Common Market (1959-62). By 1964, it had fallen to 56.8 percent. The difference from 1959-62 was picked up mostly by other EEC countries; but the United States gained nearly a percentage point. These third country imports were about 20 percent tropical products; about 15 percent fibers; and about 10 percent fats, oils, and oil-bearing materials. But there were also substantial quantities of grain, tobacco, cattle, and meat.

Outlook for 1965 farm imports from U.S.

The possibility of another record in 1965 for German agricultural imports from the United States seems remote; rather, a decline of 5 to 10 percent seems most likely.

Several factors contribute to this outlook. Crop production in West Germany and the other EEC countries was good in 1964 and looks good for 1965. The German Government may continue or in some cases stiffen its highly protective measures restrictive of U.S. products—for example, the increased supplemental levies on poultry. Germany had relatively large stocks of some farm products at the beginning of 1965. Moreover, the U.S. dock strike, reducing shipments from the United States in January and February, probably shifted German purchasers to other sources, at least temporarily.

Mainland China's Agriculture Showing Some Improvement

By JOHN R. WENMOHS
U.S. Agricultural Officer, Hong Kong

Although predominantly an agricultural country with 80 percent of its population classified as rural, Mainland China, between the Communist takeover in 1949 and the latter part of 1960, gave priority to industrial expansion and succeeded in increasing its industrial output several times. Then, as the result of poor harvests during the 1959-61 period, the breakdown of the commune system, and the mistakes of the "Great Leap Forward," the Chinese authorities reversed their policy to place primary emphasis on agricultural production—that is, grain.

This new policy was called "Agriculture the Foundation with Industry the Leading Factor," and under it, the key unit became the production team of 20 to 30 families instead of the commune with thousands of families. The peasants were again allocated private plots and encouraged to raise pigs and poultry. Limited free markets where peasants could sell their produce were re-established.

To support agricultural production, the Chinese Government in 1962 began to stress imports of fertilizers and the construction of fertilizer plants. In 1964, fertilizer imports totaled about 1.2 million tons and production about 3.5 million tons.

Furthermore, according to press reports, travelers' accounts, and other information, supplies of fresh vegetables are now more than ample, and there is no difficulty in filling the grain ration. Supplies of pork and poultry products also have been greatly increased.

At the same time, the Chinese Communists started to import grain to feed the people in industrial and urban centers. Imports have run at an annual rate of about 5.5 million tons, and in 1964 they reached an alltime high of 6.6 million tons.

These various measures—especially the return of the private plots—plus more favorable weather conditions, brought considerable success to the Communists' efforts to increase grain production. Good harvests occurred in three consecutive years—1962, 1963, and 1964.

Production of grain in 1964 is believed to have exceeded the 1953-57 average by some 10 million tons. At 183 million tons, it is well above the low point of 150 to 160 million produced in 1960.

Recovery in the production of such industrial crops as cotton and oilseeds has not been as successful as for grain. Being of secondary importance to the production of food grains, they were given a much lower priority. By the beginning of the 1964 crop season the food situation had eased sufficiently to permit greater emphasis to be placed on industrial crops, and consequently, the 1964 harvest showed a significant increase over the 1963 harvest.

Present indications are that China's fertilizer production this year will reach about 4.0 million tons and imports 2.5 million. Grain purchases contracted for so far for delivery during the year amount to 6.4 million tons, and could total up to 7.0 million.

As for China's own agricultural output, the current outlook is a mixed one. North China—north of the Yangtze River Valley—had little rain or snow from early November 1964 to about mid-April, and consequently, winter wheat, which got off to a slow start on a reduced acreage because of unusually wet weather in September and October that delayed the sowing, is believed to have a poor stand. The planting of spring crops in north and northeast China is believed to have also been delayed, and because of the unusually dry winter will require more than the normal rains if the crops are to get off to a good start.

South China—the Yangtze River Valley and south—appears to have had ample rain for spring-planted crops, although the winter crops may have suffered from lack of

Left, threshing with flails is not an unusual sight in China during the harvest season. Below, it is also common practice to dry the grain in the sun after threshing and before storing.

ESTIMATED PRODUCTION OF SELECTED CROPS IN MAINLAND CHINA

Crop	Average 1953-57	1963	1964
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Grains: [1]			
Rice	77,870	78,400	82,000
Wheat	22,610	21,800	23,100
Misc. grains	52,190	54,600	55,100
Potatoes	19,260	24,300	22,100
Total grain	171,930	179,100	182,700
Cotton (lint)	1,368	1,020	1,250
Oilseeds:			
Soybeans	9,655	7,800	8,600
Peanuts	2,674	1,900	2,290
Cottonseed	2,737	2,040	2,500
Rapeseed	911	540	660
Sesame	373	240	310
Total oilseeds	16,350	12,520	14,360

[1] Potatoes converted to grain equivalent at a rate of 4-to-1.

moisture. Preliminary reports indicate that the area transplanted to early rice may have fallen short of the planned area but may still equal that of 1964.

Other than weather, the factor that could affect production in 1965 is the attitude of the peasant. As far as can be determined, it is probably as good as or possibly better than it was last year at this time. The Chinese farmer is willing to work hard in the collective fields to insure his own supplies but has little inclination to work hard to produce the part taken by the state, preferring to save his energies for his private plot and his own livestock.

The Chinese authorities, though not unanimously, recognize the importance of the private plot and livestock, and within the past few weeks have given added assurance that the plots would not be interfered with and that hog production would definitely be encouraged for some time to come. They even went so far as to say that feed produced on collective fields should be made available to farmers for privately owned hogs.

Thus, assuming average weather conditions for the balance of the crop season, it is believed that the 1965 harvest may about equal that of 1964. It may also develop that the encouragement of private hog raising will result in a greater number of hogs than can be supported by available feed supplies.

Above, commune workers carry dirt in baskets to ditch the paddy fields. Below, farmers gathered for a field meeting to discuss experiments on maize and soybeans.

Below, members of the Forward People's Commune level land and build water conservation ridges for this year's planting. Such work is usually done with hand tools.

Expansion of Supermarkets in Europe Upping Use of Prepackaged Fresh Meat

Growing familiarity of European supermarket operators with American mass merchandising methods is opening up new opportunities for sales and promotion of U.S. beef.

By DALE L. ANDERSON
Transportation and Facilities Research
Agricultural Research Service

Prepackaged meat is becoming important in Europe, especially with the development of the supermarket. In some countries as much as 50 percent of fresh meat sales may be prepackaged in 10 years if present trends continue. The self-service concept of selling started in Europe about 1947 and supermarkets began about 1957. The growth rate for both is actually more rapid than it was in the United States.

GROWTH OF SUPERMARKETS IN EUROPE

Year	U.K.	France	West Germany	Italy
1957	80	---	---	---
1958	175	---	12	---
1959	286	18	---	---
1960	367	36	300	---
1961	572	108	428	45
1962	996	100	---	160
1963	1,300	---	600	220
1964	---	323	---	---

Documentation in Food and Agriculture No. 68, "The Economic Effects of Fresh Meat Prepackaging in Member Countries of The O.E.C.D."

Self-service prepackaged fresh meats have developed in the last 5 to 7 years and are appearing almost exclusively in supermarkets.

The European supermarket is not as large as the typical U.S. supermarket and there are two distinct types. One is in a department store which handles a wide variety of different products and where the supermarket is only one section of the store. These are often multiple-floor stores and may be quite large. The other type is a supermarket selling primarily food products, typically is on the ground floor of an apartment house, provides no parking space, has nearly 5,000 square feet of floor space, and has a volume of sales equivalent to a large superette in the United States.

The supermarkets often are supplied with fresh packaged meat from a central warehouse. Central warehouses receive carcass meat, which they process into retail cuts, package, and price. The packages are distributed by trucks to the individual stores.

The store will have refrigerated display cases, some limited storage space for the product being shipped into the store, and a small area for preparing special cuts and rewraps. Supermarket meat departments are often operated by women, especially in such countries as Germany, where there is a shortage of labor.

Supermarket sites scarce

European retail firms have difficulty finding adequate supermarket sites. The shortage of space especially in the developed cities has been quite acute. First floors of apartment houses or abandoned theaters are frequently used. Few supermarkets have parking facilities. Because of the relatively high cost for floor space in stores, central meat packaging has been especially advantageous. Central packaging reduces the space required in the store and provides a lower construction cost.

There is relatively little price competition by firms having self-service meats because the primary interest seems to be in providing meat of better quality and trim than traditional butcher shops and in selling the self-service concept to the consumer.

Savings in cost

Some price reductions are probable, however, as central plants become larger and provide more substantial cost savings. One firm which adopted a central meat plant indicated that it has increased its net profit for meat as much as 5 percent of sales. This can be reflected as a price reduction to the public if competition becomes stronger in this area. Most of the cost savings in self-service up to now have been the result of larger volume sales per store or the economies due to central packaging.

European operators have a relatively low labor cost but high materials cost. Labor costs will probably increase and materials costs decrease as techniques improve over the next several years. Refrigerated display cases used in self-service supermarkets are gen-

Suburban Stockholm supermarket

erally of good quality and in some instances are superior to display cases in the United States. Other improved equipment is being developed in Europe which will help the Europeans obtain more efficient operations.

Closely trimmed cuts

Most of the meat being sold in European supermarkets has no marbling and is given a very close trim that leaves no fat or bone on the product. The consumers are reacting to prepackaged meat much the same as U.S. consumers and there is no reason to assume that the Europeans will not accept prepackaged meat as long as the quality and value continue to be good.

Consumption of meat in some of the less developed countries is not high, but consumption seems to be growing particularly for beef and poultry. Prepackaged meat appears to be assisting the increase in consumption.

Trend to self-service meats

Chainstores are adopting self-service meats rapidly as are many consumer co-ops. Independent stores are expected to follow as voluntary and retailer cooperative groups add meat to their distribution systems. There are strong affiliated groups in Europe, but most of them have not started handling meat products as have similar groups in the United States.

Meat packers and some meat specialty firms may process retail packages, especially for smaller stores. Meat wholesalers, city-owned abattoirs, and butcher shops are facing a loss in volume and need to make changes to meet this new competition. Some of these may change their operating methods or join the supermarket trend. However, many may find alternate distribution outlets through the institutional or meat specialties trades.

Retailing research needed

Good technical research facilities for meat exist in most European countries, but research on retailing meat is inadequate. Progressive smaller retailers and butcher shops are going to need knowledge and technical business management assistance in order to meet competition from the chains and larger co-ops.

One of the biggest problems facing firms that are handling meat through central warehouses or central processing facilities is an adequate supply of beef and other meat products of the quality they need to be competitive as supermarket operators. Currently they are buying directly from farm groups and through wholesale markets, but as volume needs grow the supply problem will become more severe.

Most of these firms have good quality control procedures at the warehouse and retail store. They are not always able to maintain the same control through the marketing chain.

Marketing methods

European supermarkets may well offer a uniquely different situation in which to promote American beef. Fresh beef would probably have to be marketed using totally different methods than manufactured brand-name meat products with long storage life.

There are European supermarket operators who are familiar with the concepts of American mass merchandising and who are stressing high quality in their beef promotions.

These operators are big enough so that they can provide adequate volume to make it worthwhile for them to have American beef carcasses shipped directly to their supermarket warehouses.

Belgium and West Germany probably offer the best opportunities for direct sale of American beef to supermarkets. Holland may be a good potential market if certain restrictions can be removed. In Switzerland, one or two major supermarket chains, as well as chains of butcher shops, may offer opportunities for U.S. meat.

Less potential in France

In France, direct sales of American beef to supermarkets would not be as successful as in other European countries. French supermarket chains tend to depend on outside independent firms for meat supplies rather than warehouse the meat themselves.

Germany and other European countries might well accept such promotional ideas as barbecuing beef. Promotional information and personal demonstrations to retail organizations and supermarket customers would be needed to sell the idea, and to sell fresh beef cuts suitable for barbecuing.

However, there are many restrictions upon supermarkets as well as other firms in the meat trade. Supermarkets in some cases must keep the meat department as a separate business from the supermarket itself.

But, a number of these restrictions are being changed in the light of new and modern concepts—and as these changes take place, the supermarket trend expands throughout Europe.

Worldwide Cotton Promotion and Research Plan Gets Preliminary Approval of Cotton Exporters

At Washington (l-r): Oswaldo Lobo, Brazil (first secretary, Brazilian Embassy); Hugo Dixon, U.S. (president, Cotton Council Intl.); Chairman Rodrigues Adame, Mexico (former Secretary of Agriculture); W. T. Kroese, the Netherlands (past president, Intl. Federation of Cotton and Allied Textile Industries).

The proposed international campaign for cotton research and promotion has won preliminary acceptance by spokesmen from countries that account for over two-thirds of the $10-million cotton exports to Western Europe and Japan—the proportion necessary to launch the program. It is expected that other countries may join later.

Approvals came at a meeting in Washington, D. C., May 17-19, of representatives of 19 cotton-exporting countries and a number of importing countries under the auspices of the International Cotton Advisory Committee in conjunction with the Committee's 24th Plenary Meeting. It was the climax in a series of conferences called during the past year to consider the launching of an urgently needed promotion to preserve cotton's share of the world textile market.

Formal ratification next

Next step is formal ratification of acceptance by the governments concerned. They will be allowed a period of 3 months for ratification following the drawing up and circulation of legal documents and reports, sometime before August 31 of this year. Actual promotion and research would then begin in mid-1966.

Delegates who accepted unofficially on behalf of their countries also agreed to contribute $1 per bale on their cotton exports to Western Europe and Japan to support promotion and research activities. This fund of over $6.5 million would generate matching funds from cotton textile industries in the importing countries where promotion would be carried on.

Payment schedule

The tentative deadline for payment of the initial 10 percent of each country's assessment is February 1, 1966; 50 percent of the annual assessment would be due 6 months later. All payments to the promotion fund must be in hard currencies usable in both Western Europe and Japan.

The governing body for the program will be a General Assembly composed of all participating exporting countries. No decision was reached on the makeup of the Executive Committee responsible for detailed operations of activities approved by the General Assembly, but many delegates felt the Committee should consist of officers of the General Assembly, an Executive Director, and the Executive Secretary of the International Cotton Advisory Committee.

As to voting strength in the General Assembly, 30 percent of the total number of votes will be distributed equally among the members, with the remaining 70 percent to be allotted on the basis of each country's financial contribution to the program.

Total number of votes for the General Assembly and the criteria for country membership on the Executive Committee will be considered when the General Assembly meets in December of this year or in January 1966, as will other questions raised at the recent meeting in Washington.

Washington, D. C., has been designated the provisional headquarters of the international campaign until a permanent site has been selected.

First Exports of Fresh U.S. Beef Liver to West Germany

Initial shipments of fresh U.S. beef livers to West Germany now underway could change the complexion of the U.S. export trade in variety meats, provided air freight rates can be lowered to put livers in Germany at competitive prices.

The 1- to 4-ton shipments packed in polyethylene bags in cardboard cartons move by refrigerated truck from Midwest packing plants to New York, then make the nonstop flight to Hamburg and Cologne in temperature-controlled holds of regularly scheduled airliners. Less than 96 hours elapse between the time the cattle are slaughtered and the time the liver goes on sale in German markets.

Up to now, all U.S. variety meat exports to West Germany—$8 million worth last year—have been of the frozen type. These are in big demand for the manufacture of sausages, which make up roughly a third of the country's total consumption of red meats. For direct table use, thawed variety meats including liver find ready acceptance by Americans, but Europeans have a strong preference for fresh cuts and the characteristic deep coloring.

In past years, the Germans have had little difficulty in producing most of the fresh liver, tongues, and other variety meats they needed. Since early 1964, however, a beef shortage throughout Western Europe has caused foreign processors to seek sources of supply outside the Continent. Availability of variety meats is equally tight at the moment.

EEC May Extend Waiver of Beef Import Duties

The Council of Ministers of the European Economic Community has been asked by the EEC Commission to extend the lower duty rates on processing beef from June 30 until September 1.

The common customs duty on frozen beef entering any Common Market country for processing from third countries (20 percent) has been reduced to 10 percent. Also, West Germany is authorized to bring in a special quota of 6,000 metric tons under a 5-percent duty.

Canadian Hog Slaughter Higher

The Canadian Department of Agriculture forecasts a moderate increase in the level of Canadian hog slaughter this summer, fall, and winter.

April-July inspected slaughter is estimated at 1.9 million head, or 4 percent above the previous year's. Slaughter in July-October is expected to rise 3 percent to 1.7 million head, and that in October 1965-March 1966, 2 percent to about 4 million.

Canada's increased production may result in larger exports of pork to the United States, whereas lower production in the United States may result in smaller exports of pork to Canada. The United States imported 51 million pounds of pork from Canada in 1964 and, in the same year, shipped 70 million pounds to that country.

Australian Livestock Industry Faces Drought

Drought conditions are reported as serious in many livestock regions of Queensland and New South Wales, Australia. Victoria is also affected by lack of rain.

Total beef exports in 1965 are expected to be greater than in 1964 because of high prices in Europe. Shipments to that area will exceed the 1964 level, but those to the United States are expected to be lower.

Uruguayan Meat Exports Rise

Uruguayan meat exports have almost doubled in the past 2 years. Exports of chilled and frozen beef and veal and canned meats to all countries rose from 152 million pounds in 1962 to 294 million in 1964. The large exports were made possible by favorable grazing conditions, unusually strong demand for beef in Europe, and some cutback in Uruguayan cattle numbers.

Spain, Belgium, West Germany, and Italy have become buyers of chilled beef in the last 2 years; however, the United Kingdom is still the largest outlet, taking nearly 80 percent of the total exports in 1964. Relatively larger shipments to the Continent are expected as the trade becomes more accustomed to this product and as the number of handlers increases.

A recent feature of Uruguay's trade has been the very sharp increase in frozen beef exports to the EEC, particularly West Germany, Italy, the Netherlands, and France to capitalize on the shortage there. Total frozen beef exports rose from 77 million pounds in 1963 to 206 million in 1964. Exports to the EEC rose from 18 million to 110 million. There have also been large increases to Spain, Greece, and Peru. Uruguay shipped over 19 million pounds to Poland last year. Shipments of frozen beef to the United Kingdom dropped moderately in 1964 and amounted to only 9 percent of Uruguay's total.

During the past 3 years, Uruguayan exports of canned meats have varied between 27 and 32 million pounds. The United States has been by far the largest buyer, taking over 50 percent of total shipments in 1964.

URUGUAY'S EXPORTS OF CHILLED AND FROZEN BEEF AND VEAL AND CANNED MEATS

Item and year	U.K.	U.S.	EEC	Spain	Other	Total
Chilled beef:	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
1962	23.8	---	---	---	---	23.8
1963	57.0	---	0.7	14.6	0.2	72.5
1964	47.5	---	2.3	9.9	.8	60.5
Frozen beef:						
1962	20.4	---	29.5	.4	[1]47.4	97.7
1963	31.2	---	17.9	3.0	24.5	76.6
1964	23.5	---	110.1	15.1	[2]57.6	206.3
Canned meat:						
1962	7.2	18.6	.2	---	4.2	30.2
1963	7.9	19.3	.1	---	4.9	32.2
1964	3.2	14.7	.7	---	8.5	27.1

[1] Includes 35.7 million to the USSR. [2] Includes 19.1 million to Poland.

British To Import Charollais Cattle

The British Government has authorized imports of 230 head of Charollais cattle from France and is now facing the problem of finding satisfactory facilities for holding them in quarantine, chiefly because of the presence of foot-and-mouth disease in France. The first animals are expected to arrive in November.

There is a big demand for Charollais by local farmers on the basis of this breed's recent good showing in cross-breeding experiments carried out by the British Government.

U.K. Reports Outbreak of Foot-and-Mouth Disease

The first cases of foot-and-mouth disease to be reported in the United Kingdom since June 1962 occurred this April among cattle on a farm in Kent. This outbreak was thought to have been caused by birds carrying the infection from continental Europe, where the disease is endemic.

All diseased and exposed animals have been slaughtered, and spread of the disease apparently has been halted.

Spanish Olive Oil Exports

Spain's exports of olive oil during March totaled 2,516 metric tons compared with 1,968 in March 1963. In the 5-month cumulative period November-March 1964-65, exports totaled 16,650 tons, sharply below the 61,200 tons exported in the same period of 1963-64 but slightly above the 15,200 tons exported in the previous off-year, 1962-63.

European prices for Spanish olive oil on May 8 were quoted at £235-240 (US $658 to US $672) per metric ton. This compares with an average price during April of this year of £242 (US $678).

West German Rapeseed Output To Increase

West Germany's 1965 rapeseed output, which accounts for virtually all of the country's oilseed production, is estimated at 154,300 short tons compared with 119,840 in 1964 and 105,590 in 1963. The increase is attributed to acreage expansion as well as a below-average winterkill.

The bulk of Germany's oilseed production is crushed for oil, consumption of which has risen rapidly in recent years. In fact, so great has been the rise in domestic use of fats and oils that, even though production has increased, imports of oilseeds, as such, have shown a phenomenal rise. Soybeans from the United States continue to account for a major part of this gain.

Tunisian Olive Oil Exports Rise

Tunisian exports of edible olive oil from November 1, 1964, to April 25, 1965, were 32,021 metric tons. Exports in the same periods of 1963-64 and 1962-63 amounted to 19,092 tons and 19,256 tons, respectively. France and Italy continue to be major destinations.

Prices for Tunisian olive oil (1-percent acidity) in Europe on May 8 were quoted at £250-255 (US $700 to US $714) per metric ton. This was significantly below those in April, which averaged about £270 (US $756). Thus the price spread between Tunisian and Spanish olive oils has narrowed considerably from that indicated in April.

Italian Olive Oil Production Down, Imports Rise

Italy's imports of oil-bearing materials and edible vegetable oils are expected to rise sharply in 1965. The rise principally reflects a small domestic olive oil outturn from 1964-crop olives, as well as anticipation of some increase in demand.

The 1964-65 outturn of pressure olive oil in Italy is now placed at only 290,000 metric tons (320,000 short tons)—markedly below the 538,200-ton record of 1963-64. This revises the previous estimate of 375,000 short tons. (See the *World Agricultural Production and Trade: Statistical Report,* April, 1965.) The revised estimate more accurately assesses damage from unfavorable climatic conditions and dacus fly attacks, which compounded losses due to the off-year biennial production cycle.

Most of the rise in imports is expected in oilseeds—possibly peanuts, soybeans, and rapeseed—but imports of pressure olive oil may also increase. A major share of the domestic outturn of solvent olive oil is refined and used for edible purposes.

The sharp reduction in olive oil imports in 1964, particularly after May 1, was due partly to the narrowed ratio between imported olive oil and compulsory purchases of relatively high-priced government-held seed oil *(Foreign Agriculture,* Jan. 27, 1964). Olive oil exports, although relatively small, increased significantly in 1964, but because of reduced availabilities, they will decline this year. Most of these exports in recent years have moved to the United States.

Apparent domestic consumption of oil-bearing materials and vegetable oils in 1964, on an oil basis, increased by about 67,000 tons from 1963. This rise reflected sharply increased supplies of olive oil at prices significantly below those in the previous season.

This year, despite the reduction in domestic supplies, aggregate consumption may expand slightly. The expected rise presupposes some increase in consumer acceptance of imported vegetable oils as a substitute for olive oil. This contrasts with 1963, when reduced domestic olive oil supplies were reflected by a decline in consumption.

ITALY'S SUPPLY AND DISTRIBUTION OF OLIVE OIL AND EDIBLE SEED OILS

Item	1962	1963[1]	1964[2]	1965[3]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
SUPPLY				
Stocks:				
Olive oil, total[4]	25.0	38.0	55.0	160.0
Seed oil, edible[5]	24.6	24.4	23.5	22.0
Total	49.6	62.4	78.5	182.0
Production:				
Olive oil, pressure	394.1	301.1	538.2	290.0
Olive oil, solvent	48.5	37.6	61.7	38.8
Seed oil, edible	45.1	42.1	46.8	47.7
Total	487.7	380.8	646.7	376.5
Imports:				
Olive oil, pressure	[6]114.4	128.4	57.1	80.0
Oilseed (oil equiv.), edible	154.3	208.3	174.1	220.0
Seed oil, edible	4.9	9.6	8.9	10.0
Total	271.4	346.3	240.1	310.0
Total supply	810.9	789.5	965.3	868.5
DISTRIBUTION				
Exports:				
Olive oil, pressure	12.7	8.6	14.0	10.0
Domestic consumption:				
Olive oil (for food)	526.4	437.8	531.9	505.0
Olive oil (industrial)	4.9	3.8	6.2	3.8
Seed oil, edible	204.5	260.8	231.2	279.7
Total	735.8	702.4	769.3	788.5
Stocks:				
Olive oil, total[4]	38.0	55.0	160.0	50.0
Seed oil, edible[5]	24.4	23.5	22.0	20.0
Total	62.4	78.5	182.0	70.0
Total distribution	810.9	789.5	965.3	868.5

[1] Revised. [2] Preliminary. [3] Unofficial forecast. [4] October 1 of preceding year. [5] January 1. [6] Includes 2,236 tons of solvent oil.
Compiled from official and other sources.

Danish Planting Less Oilseed

Denmark's seedings of oilseeds, according to preliminary data on contracted acreage as of March 15, 1965, were somewhat below those in 1964. The decline largely reflects reductions in spring and winter rapeseed acreage, partly offset by some increase in mustardseed area. Interest in flaxseed production has dwindled and contracted acreage has again declined.

Because of the decline in seedings of winter rapeseed, interest in spring seedings is reportedly high and they may eventually be larger than last spring's. But because this spring's increase will not offset the drop in winter rapeseed, total rapeseed production in 1965 will probably decline somewhat from the high volume of 1964.

DANISH OILSEED AREA CONTRACTED AND FINAL SEEDINGS

Oilseed	Area contracted as of		Change in	Final contracted area	
	Mar. 15, 1964	Mar. 15, 1965	1965 area contracted	1963	1964
	1,000 acres	*1,000 acres*	*Percent*	*1,000 acres*	*1,000 acres*
Winter rapeseed	17.9	14.8	−18	47.6	31.7
Spring rapeseed	24.4	21.7	−11	16.1	36.5
Mustardseed	5.8	7.6	+32	34.7	9.5
Flaxseed	.6	.4	−27	.2	.8
Total	48.7	44.5	− 8	98.6	78.5

Antarctic Output of Whale Oil Down

The production of baleen whale oil in the 1964-65 Antarctic season (Dec. 12, 1964-April 7, 1965) totaled a provisional 165,445 short tons—17 percent, or 33,967 tons, lower than the 199,412 produced in the 1963-64 season. Production of sperm whale oil fell 18 percent, or 12,358 tons, with all countries except Norway registering declines from the previous season.

PRODUCTION OF WHALE OIL IN THE ANTARCTIC SEASON

Participating country	Baleen oil		Sperm oil[1]	
	1963-64	1964-65[2]	1963-64	1964-65[2]
	Short tons	*Short tons*	*Short tons*	*Short tons*
Pelagic whaling:				
Norway	37,940	32,802	9,421	10,767
Japan	105,133	92,822	22,505	12,396
USSR	40,184	32,507	31,428	30,019
Netherlands	8,989	---	2,888	---
Total	192,246	158,131	66,241	53,183
South Georgia:				
Japan:				
Grytviken	3,628	2,772	277	950
Leith Harbor	3,538	4,541	293	320
Total	7,166	7,314	570	1,270
Total Antarctic	199,412	165,445	66,811	54,453

[1] Including catch of sperm whales north of 40 degrees South on voyage to and from the Antarctic. [2] Provisional figures.
Norwegian Whaling Gazette, No. 4, April 1965, Oslo.

During the 1964-65 pelagic season, 15 factory ships and 172 catching boats were in operation—1 less factory ship and 18 less catching boats than in the previous season. The Netherlands factory ship, which was sold to Japan in 1964, did not participate.

Altogether the pelagic expeditions caught 6,984 blue whale units as compared with 8,429 in 1963-64. The following table shows the maximum catch permissable and the actual catch obtained by the individual pelagic nations.

Countries	1963-64 season		1964-65 season	
	Quota	Results	Quota	Results
	Blue whale units	*Blue whale units*	*Blue whale units*	*Blue whale units*
Norway	2,800	1,485	2,240	1,273
Japan	4,600	4,600	4,160	4,125
USSR	2,000	2,001	1,600	1,586
Netherlands	600	343	---	---
Total	10,000	8,429	8,000	6,984

NOTE: The blue whale is the statistical unit in relation to which smaller whales are expressed. One blue whale unit equals one blue whale, or two fin whales, or two-and-one-half humpback whales, or six sei whales.

The Norwegian expeditions thus achieved the poorest results, only 56.8 percent of their quota, while both the Japanese and Soviet quotas were nearly filled.

The two Antarctic land stations in South Georgia, Grytviken and Leith Harbor, were operated by Japan in both the 1963-64 and 1964-65 season. Production of baleen and sperm whale oils increased slightly.

Philippine Exports of Copra and Coconut Oil

Registered exports of copra and coconut oil from the Philippine Republic during the first 4 months of 1965, oil-equivalent basis, totaled 199,930 long tons. This was 18,272 tons or 8 percent below the 218,202 tons exported in January-April 1964.

Coconut oil shipments during the first 4 months were 9 percent greater than those in January-April 1964, despite smaller shipments in April of 8,360 tons. Copra exports in April, at 39,224 tons, were the smallest since April 1961.

The copra export price in mid-May was US $240.00 to US $242.50 per short ton c.i.f. Pacific Coast and US $255.00 to US $259.00 per long ton c.i.f. European ports. Local buying prices were reported at 79.00 to 79.50 pesos per 100 kilograms (US $20.20 to US $20.33) resecada basis Manila and 70.00 to 79.00 pesos (US $17.90 to US $20.20) in producing areas.

PHILIPPINE REGISTERED EXPORTS OF COPRA AND COCONUT OIL

Country and continent of destination	1964[1]	January-April	
		1964[1]	1965[1]
	Long tons	*Long tons*	*Long tons*
Copra:			
United States	231,215	56,725	85,481
Europe	518,988	174,179	109,113
South America	26,800	1,000	---
Japan	29,880	9,250	7,250
Other Asia	500	500	500
Middle East	140	140	1,500
Total	807,523	241,794	203,844
Coconut oil:			
United States	182,736	51,154	67,711
Europe	41,286	11,660	1,759
South Africa	2,251	640	---
Japan	99	---	---
Total	226,372	63,454	69,470

[1] Preliminary.
Associated Steamship Lines, Inc., Manila.

India Permits Use of More P.L. 480 Oil in Vanaspati

The Government of India has decided to relax even more its restrictions on the use of imported soybean and cottonseed oils in the manufacture of vanaspati (hydrogenated vegetable oil). According to an announcement of April 27, these oils may now account for up to 50 percent of all oils used in vanaspati, compared with the previous maximum of 20 percent.

Until less than a year ago, solvent-extracted oils of this kind were defined as inedible, under the Prevention of Food Adulteration Rules of India. However, the government made a special dispensation, creating the 20-percent allowance for the U.S. soybean and cottonseed oils imported under the Public Law 480 Agreement of September 30, 1964.

The allowance and the new increase in it came mainly as a result of the high prices of domestic peanut oil. The government hopes this latest move will reduce the pressure of demand on peanut oil from the vanaspati industry, thereby easing the price situation. It hopes also to reduce what otherwise might have been a long storage period for the P.L. 480 oils.

To help the situation further, the government recently removed soybean oil from the list of practically all commodities on which a 10-percent tax was imposed on February 17 (regulatory duty on imports).

Prices of edible oils in India have risen further, despite larger oilseed crops this season. Peanut oil prices rose from 2,120 rupees (US $445) per metric ton on April 1 to 2,350 rupees (US $494) on April 28, compared with a peak of 3,300 rupees (US $693) in 1964. Dealers are said to be withholding supplies in the hope of still higher prices and a relaxation of the current prohibition on exports of peanuts and peanut oil.

The imported soybean oil is expected to cost about 1,800 rupees (US $378) per ton to manufacturers of vanaspati,

and it is hoped that the higher percentage now permitted by the government will bring about a decline in prices for vegetable oils and stabilize the prices of hydrogenated oils.

Of the 65,000 tons of soybean and cottonseed oils under the current purchase authorization, 19,000 tons of soybean oil have already been received and another 11,000 are expected in May.

Italy's Honey Crop Down

Honey production in Italy in 1965 is expected to be down from the very high level of 1964. Low prices at the end of 1964 and large stocks apparently encouraged many beekeepers to take hives out of production this year. The extended cold spring and drought in the Po Valley will also reduce production.

The 1964 crop amounted to about 10,000 metric tons, almost double normal production. At the end of the year, however, one-fourth of the production still remained unsold. Imports were down to 848 metric tons in 1964 from 1,725 in 1963; exports in 1964 rose only to 91.2 metric tons from 81.5 in 1963.

Mozambique's Kenaf Output Up Sharply

Mozambique's 1964 production of kenaf totaled 2,200 metric tons, and output is forecast at 4,800 tons in 1965. Kenaf cultivation is located mostly in the Zambesi Valley, where only 100 tons was produced in 1960. About 500 to 600 tons of jute is also produced in the same locality; water is plentiful there for cultivation and retting of both jute and kenaf.

Local production of kenaf and jute presently satisfies about 30 percent of Mozambique's current annual fiber bag needs, estimated at about 7 million bags; the balance is imported. In 1964, imports of jute bags totaled 915 tons, and those of jute fiber 5,418 tons.

Mozambique's large textile mill recently expanded its plant capacity to 6.5 million bags a year and has been encouraging local fiber production through financing and technical assistance to growers.

Tanzania To Build New Instant Coffee Plant

A recent report in a Dar es Salaam, Tanzania, newspaper said that a local firm, The Tanganyika Instant Coffee Company Ltd., has signed a contract with a German firm to build a new soluble coffee factory at Bukoba. The factory will reportedly cost more than $900,000 and is expected to be in operation within 2 years.

The same Tanzanian firm has also signed an agreement with a London company whereby the latter will provide technical and marketing advice in the first years of the factory's operation. The new factory is expected to consume more than 33,000 bags (60 kg.) of Robusta coffee annually and to export almost all of its production of over 1.3 million pounds of soluble coffee a year.

Fiber Bag Company Formed in Nigeria

The Northern Nigerian Development Corporation and an Italian firm have formed a £1.7-million (US $4.8 mil.) company to manufacture fiber bags at a factory to be built at Jos, in Central Nigeria. The raw material, reportedly kenaf fiber, is to be grown near Jemaa, south of Jos. Experimental fiber plantings have been underway for several years.

Nigeria regularly imports large quantities of jute cloth and bags for use in packaging its large peanut and cocoa bean crops and other agricultural produce.

In 1963, such imports included 20,116 tons of jute bags and sacks valued at US $6,491,495, of which 1,762 tons (US $716,514) was from the United States.

Finland's Cotton Industry Active

The rise in Finnish cotton mill activity, which began in 1963-64, has continued through the first half of the current season. Cotton mills are operating at close to full capacity. Domestic demand is strong, and exports of cotton products are expected to increase sharply, primarily as a result of recent reductions in EFTA tariffs. In the first half of 1964-65, total consumption was about 8 percent above the 39,000 bales used in the same period of 1963-64.

Finland's cotton imports during August-March, at 53,000 bales, were 13 percent above the 47,000 received in the comparable period of 1963-64. The bulk of Finland's cotton requirements is supplied by the USSR under a trade agreement and by the United States under P.L. 480 barter arrangements and sales for dollars. Under terms of a recent Finnish-Soviet trade agreement, Finland will import 55,000 bales of USSR cotton annually in 1966-70.

Imports from the USSR during August-March amounted to 42,000 bales compared with 38,000 in the same months a year earlier, while imports from the United States totaled 8,000 against 7,000 in August-March 1963-64.

Beginning stocks on August 1, at 84,000 bales, were down slightly from the alltime record stocks of 89,000 bales a year earlier. Included in this season's beginning stocks were around 35,000 bales of Russian cotton, which are in the government stockpile.

Record Egyptian Cotton Crop Confirmed

The fourth and final official estimate of Egypt's 1964-65 cotton crop is placed at a record 2,315,000 bales (480 lb. net), slightly above the third official estimate of 2,301,000 bales. Output of ELS (over 1⅜ in.) is placed at 1,060,000 bales, medium-long staple (1-9/32 in. to 1⅜ in.) at 567,000, medium staple (1¼ in. and under) at 651,000, and Scarto (unclassified cotton) at 37,000.

Demand for ELS in Western Europe and Japan has been quiet in recent weeks. Most of the Egyptian old crop has been sold or committed.

The new crop is reportedly making satisfactory progress. The official acreage estimate for the 1965-66 crop will not be released by the Egyptian Government until July 15.

French Tobacco Imports Rise

French imports of unmanufactured tobacco in 1964 rose to 108 million pounds from 104.5 million in the previous year. Substantial increases in imports from Brazil, Greece, the Dominican Republic, Algeria, and Cuba more than offset drops in purchases from Bulgaria, the Philippines, Colombia, and Mexico. Imports from the United States increased a little.

Major sources of imports last year, in order of im-

portance and million pounds, were Brazil 15.4, Argentina 15.1, Bulgaria 9, Malagasy Republic 7.7, Greece 6.8, the Dominican Republic 5.9, the United States 5.7, and Algeria 5.5.

Average prices per pound paid to principal supplying countries in 1964, in terms of U.S. equivalents, were Brazil 22.8 cents, Argentina 20.1, Bulgaria 49.8, Malagasy Republic 58.2, Greece 54.4, the Dominican Republic 17.2, the United States 64.4, and Algeria 33.2.

FRENCH IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1962	1963	1964[1]
	1,000 pounds	*1,000 pounds*	*pounds 1,000*
Brazil	7,630	10,882	15,372
Argentina	8,430	17,421	15,132
Bulgaria	10,055	15,598	8,966
Malagasy, Republic of	7,430	8,117	7,685
Greece	12,615	979	6,777
Dominican Republic	---	1,713	5,922
United States	3,113	5,492	5,706
Algeria	---	721	5,542
Paraguay	1,693	5,181	5,075
Philippines	2,152	6,418	5,071
Cuba	35	1,799	4,211
Rhodesia, Zambia, Malawi	1,673	4,694	3,772
Hungary	---	1,263	3,505
Poland	1,468	2,361	2,619
Albania	(2)	450	2,425
Colombia	2,626	5,580	2,019
Yugoslavia	5,946	1,451	1,539
Mexico	1,949	3,366	988
Central African Republic	242	941	886
Congo (Brazzaville)	692	1,138	547
Cameroon	1,675	1,023	739
Turkey	5,099	1,825	4
Others	3,910	6,054	3,499
Total	78,433	104,467	108,001

[1] Preliminary. [2] If any, included in others.

Brazil's Tobacco Exports Set New Record

Brazil exported a record 132.9 million pounds of unmanufactured tobacco in 1964—36 percent larger than the 97.7 million shipped during 1963. Larger exports to practically all major destinations, with the exception of West Germany and Belgium-Luxembourg, accounted for the increase.

BRAZIL'S EXPORTS OF UNMANUFACTURED TOBACCO

Destination	1962	1963	1964[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Spain	20,999	11,188	22,381
Germany, West	21,865	22,359	21,421
Netherlands	15,445	14,520	16,940
France	5,492	7,379	15,237
USSR	4,835	13,159	14,011
United States	2,956	4,812	10,601
Denmark	4,879	4,904	7,616
Switzerland	3,023	3,134	5,374
Belgium-Luxembourg	3,038	5,419	4,256
Uruguay	3,172	2,605	3,977
Morocco	2,392	3,412	3,928
Algeria	1,856	755	2,176
Tunisia	627	1,077	1,474
Germany, East	121	1,259	1,304
Others	1,355	1,712	2,166
Total	92,055	97,694	132,862

[1] Preliminary; subject to revision.

Exports to the United States, Spain, France, and Algeria were more than double the previous year's shipments. Exports to the Netherlands, the USSR (all flue-cured), Denmark, Switzerland, Uruguay, Morocco, Tunisia, Italy, Portugal, and East Germany were moderately larger than those in 1963. Countries that reduced their takings of Brazilian tobaccos during 1964 included West Germany, Belgium-Luxembourg, Finland, Indonesia, Hungary, and the Malagasy Republic.

Average export prices per pound of leaf tobacco in 1964 to major destinations (in terms of U.S. equivalents) were Spain 14.2 cents, West Germany 18.0, the Netherlands 23.2, France 20.9, the United States 30.4, the USSR (all flue-cured) 22.5, Switzerland 23.8, and Belgium-Luxembourg 22.6. The average export price per pound of all leaf shipments in 1964 was equivalent to 21.5 U.S. cents, compared with 24.9 in 1963 and 26.1 in 1962.

Sweden's Tobacco Imports Rise Steeply

Sweden's 1964 imports of unmanufactured tobacco totaled 31.1 million pounds—up 62 percent from those in 1963. The very large imports last year occurred partly as a result of below-normal imports of unmanufactured tobacco during 1962 and 1963.

Imports from the United States increased sharply in 1964—to 24.3 million pounds from 11.7 million in the previous year—and were mainly of flue-cured and burley leaf, together with considerable quantities of stems. The U.S. share in Sweden's import trade in tobacco was 78 percent in 1964, compared with 61 percent in 1963.

Greece supplied 2 million pounds of tobacco to the Swedish market in 1964. Other leading sources were Brazil, Mexico, and Rhodesia.

Average 1964 import prices per pound for leaf tobacco from various suppliers, in terms of U.S. cents, were the United States 104, Greece 88, Brazil 44, Mexico (burley) 44, and Rhodesia 75.

SWEDEN'S TOBACCO IMPORTS[1]

Origin	1962	1963	1964[2]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	14,743	11,714	24,337
Greece	1,100	1,046	2,020
Brazil	606	23	902
Mexico	258	343	675
Rhodesia, Zambia, Malawi	1,435	1,853	541
Yugoslavia	805	827	386
Indonesia	66	498	340
Bulgaria	15	---	331
Italy	333	80	275
India	99	685	233
Turkey	386	490	203
Canada	93	372	3
Cuba	4	632	---
Others	187	634	840
Total	20,130	19,197	31,086

[1] Includes stems. [2] Preliminary; subject to revision. Customs Office.

Hong Kong's Tobacco Imports Up

Hong Kong's imports of unmanufactured tobacco in 1964, at 18.7 million pounds, were slightly larger than the 1963 level of 18.3 million, but 4 percent below the 1962 high of 19.5 million. Larger imports from the United States, India, Taiwan, Mainland China, Thailand, Australia, Canada, and Mozambique accounted for the increase, whereas imports from Rhodesia, Pakistan, the Republic of South Africa, Japan, and Mexico were down from the previous year.

Imports of U.S. leaf rose to 7.8 million pounds from 6.8 million in 1963. Takings from India climbed to 1.5 million pounds from 1.2 million, and those from Mainland

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China rose to 1.2 million from 1.0 million. However, imports of Rhodesian leaf dropped to 5.8 million pounds from 6.3 million.

Hong Kong's imports of cigarettes last year totaled 6.8 million pounds, compared with 6.5 million in 1963. Imports from the United States, the principal supplier, rose to 5.1 million pounds from 4.7 million in 1963, while imports from the United Kingdom were down slightly to 1.6 million.

Increase in West German Tobacco Imports

West Germany's declared imports of unmanufactured tobacco during 1964 were up 6.5 percent to 279.4 million pounds from 262.3 million in 1963. Larger imports from all principal suppliers, except the United States, Turkey, and Italy, accounted for the increase.

WEST GERMANY'S DECLARED IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1963		1964[1]	
	Quantity	Price per pound[2]	Quantity	Price per pound[2]
	1,000 pounds	*U.S. cents*	*1,000 pounds*	*U.S. cents*
United States	88,364	80.0	88,397	80.6
Greece	34,718	79.0	40,236	76.2
Rhodesia, Zambia, Malawi[3]	22,815	51.0	29.606	50.4
Bulgaria	15,861	51.6	18,303	57.3
Turkey	16,380	56.5	15,066	68.7
Brazil	8,733	37.2	13,335	32.7
Japan	8,659	60.2	10,562	68.8
Italy	15,436	67.5	10,551	76.3
Indonesia	6,785	73.9	6,936	76.8
Dominican Republic	5,566	37.2	6,497	26.5
Canada	4,519	54.9	5,959	55.4
Argentina	2,429	23.0	4,550	27.0
Colombia	3,764	36.7	4,535	32.3
Paraguay	2,125	19.8	3,911	17.7
Philippines	4,944	24.1	3,401	24.1
Thailand	2,030	42.6	2,793	40.6
Taiwan	4,192	26.9	2,031	37.9
Others	14,991	---	12,726	---
Total	262,311	63.1	279,395	64.1

[1] Preliminary; subject to revision. [2] C.i.f. value. [3] Formerly the Federation of Rhodesia and Nyasaland.

Imports from the United States, at 88.4 million pounds, were the same as in 1963. Takings from Greece, Rhodesia, Bulgaria, Brazil, Japan, the Dominican Republic, Canada, Argentina, Paraguay, and Thailand were all up by more than 15 percent, with those from Rhodesia up by almost 30 percent to 29.6 million pounds from 22.8 million. However, imports from Italy, the Philippines, Turkey, Taiwan, the USSR, the Republic of South Africa, Poland, and Mexico were all down.

Average import prices per pound for unmanufactured tobacco last year from major suppliers, in terms of U.S. equivalents, were the United States 80.6 cents, Greece 76.2, Rhodesia 50.4, Bulgaria 57.3, Turkey 68.7, Brazil 32.7, Japan 68.8, and Italy 76.3. The average price paid for all imports of unmanufactured tobacco last year was equivalent to 64.1 U.S. cents, compared with 63.1 in 1963.

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